

6.09.2021

# Management Presentation

Darren Jamison  
President & Chief Executive Officer

**Smarter Energy  
for a Cleaner Future**

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# Safe Harbor

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This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding the financial outlook, business strategy and plans and market trends, opportunities and positioning of Capstone Green Energy Corporation (the “Company,” “Capstone,” “we,” “our” or “us”). These forward-looking statements are based on current expectations, estimates, forecasts and projections. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall” and variations of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Factors that could cause actual results to differ from those projected include, but are not limited to: the impact of the COVID-19 pandemic on our business, results of operations and financial condition; failure to sustain or grow profitability or generate positive cash flows; failure to effectively introduce and market new products; delays in product introductions; significant competition; inability to further penetrate our current customer base, expand our user base and increase the frequency of use of our products by our customers; inability to achieve or maintain satisfactory pricing and margins; manufacturing difficulties; product defects or failures; potential adverse regulatory actions, and general market, political, economic and business conditions.

Further information on these and other factors that could affect the Company's results, performance, and achievements is included under the heading “Risk Factors” and otherwise in the reports on Form 10-K, Quarterly Reports on Form 10-Q and other periodic filings with the Securities and Exchange Commission from time to time. Because of the risks and uncertainties, Capstone cautions you not to place undue reliance on these statements, which speak only as of the date of this presentation. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We undertake no obligation, and specifically disclaim any obligation, to release any revision to any forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.



# Aligning With Customers & Stakeholders

**Sustainability is a driving force behind today's buyer decision-making.**

**What will they say about your business?**



Younger buyers are increasingly more eco-aware and concerned with the environmental impact of their purchases. Gen Z, which comprises **1/3 of the world's population**, is willing to pay **50-100% more for sustainable products** compared to older generations.



According to a Nielsen study, **73% of consumers say they would likely change a behavior to reduce their impact on the environment**, and that eco-aware mindsets and behavior adaptation has only increased in recent years.



Sustainability also feeds into customer loyalty. Sustainable and ethical business practices are the **second-highest reason most consumers return to a brand**. This is second only to product quality.

ACCORDING TO A  
CGS 2019 STUDY

**2/3**

of respondents (across all ages and genders) consider sustainability when making purchasing decisions

**1/2**

are willing to pay more for sustainable products

**70%**

said sustainability is at least somewhat important to them when making a purchase





# Smarter Energy for a Cleaner Future

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## The New Capstone Green Energy

Capstone Green Energy is a smart energy solutions provider that will help you lower your carbon footprint, increase cost efficiencies and build better resiliency for your business. Capstone, working as an Energy as a Service provider, is committed to enhancing your business model and helping you achieve your environmental goals.

Capstone acts as a trusted long-term partner that's with you every step of the way to design and deliver a comprehensive package for each customer, with projects that range from 30kW to 30MW. From microturbines to microgrid solutions to strategic energy management, Capstone helps you build and maintain a smart energy infrastructure.

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As a trusted partner, we don't try to fit clients into an off the-rack clean energy solution. Instead, we develop a custom-tailored, highly efficient system to address each client's unique business requirements. Then we monitor and optimize the system performance, and back it all up leveraging our 20-year all-inclusive service agreement. At Capstone Green Energy, our mission is to work collaboratively with our clients to provide them with smarter energy for a cleaner future.



— DARREN R. JAMISON  
President & CEO  
Capstone Green Energy

# Long-Term Partnership

**Capstone is a long-term partner that helps you become ready for the future today.**

There's no one solution to the problem, which is why a partner like Capstone Green Energy can guide customers through the design, implementation and management process through the utilization of technology and experience. Capstone is here to help customers have a positive impact on the environment and meet power, reliability and efficiency needs.

To date, Capstone has shipped over **10,000 units** to **83 countries** and estimates that in FY21, it saved customers over **\$219 million** in annual energy costs and approximately **397,000 tons of carbon**.

Total savings over the last three years are estimated at:

**\$700M**

IN FINANCIAL SAVINGS

**1M Tons**

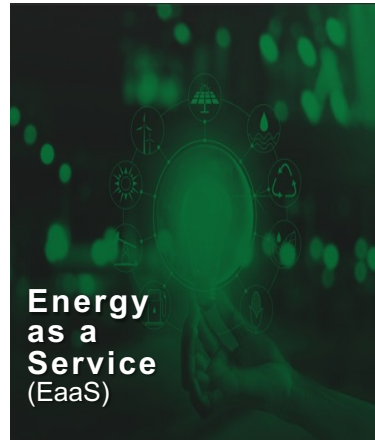
OF CARBON SAVINGS

## DID YOU KNOW?

1 MILLION TONS OF CARBON IS COMPARABLE TO THE ANNUAL CO<sub>2</sub> OUTPUT OF ABOUT **120,423 U.S. HOMES** RUNNING ON ELECTRICITY.



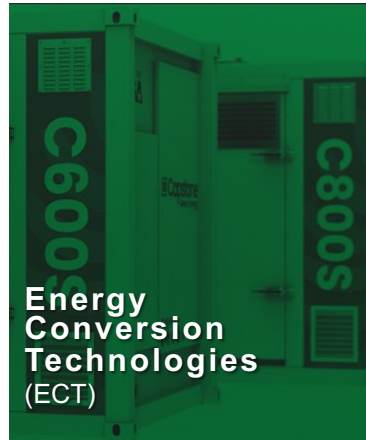
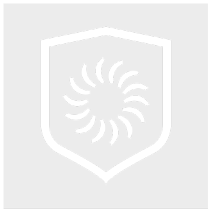
# Comprehensive Clean Energy Solutions



## Energy as a Service (EaaS)

As a long-term partner, Capstone and its partners provide 24/7 strategic energy management with factory technicians that handle scheduled and unscheduled maintenance, and constant remote data monitoring.

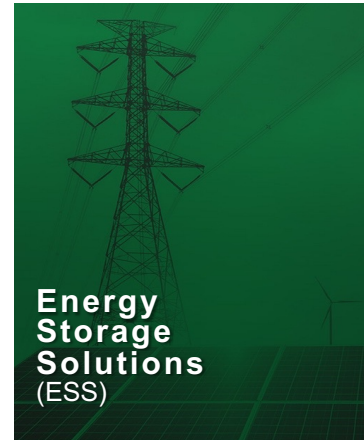
- Long-term rental contracts
- Long-term service contracts (FPP)
- Service and spare parts



## Energy Conversion Technologies (ECT)

Energy Conversion Technologies include products such as Capstone's microturbine technology that can operate on a wide range of fuels. These products produce high-efficiency CHP and CCHP.

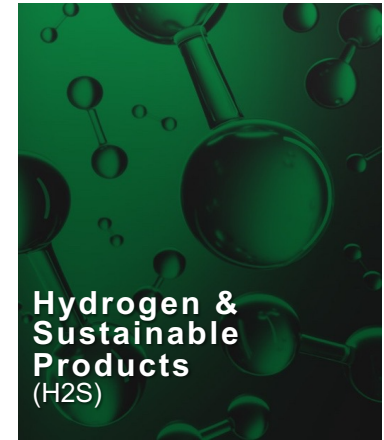
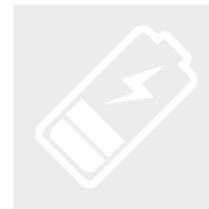
- Capstone Microturbine (65kW-5MW)
- Hybrid Solutions (5kW-50kW)
- Baker Hughes Turbine (5MW-16MW)



## Energy Storage Solutions (ESS)

Capstone works to build a smart energy infrastructure using a custom tailored combination of multiple technologies, energy storage and monitoring software that maximize energy efficiencies, lowers emissions and creates resilient systems that meet clients' specific needs.

- Lithium-Ion BESS
- Thermal Storage
- Microgrid Controls



## Hydrogen & Sustainable Products (H2S)

Capstone is currently developing a hydrogen version of its products & developing strategic relationships with technology partners. These OEMs will use the Capstone core technology for zero-carbon solutions in concentrated solar & biomass.

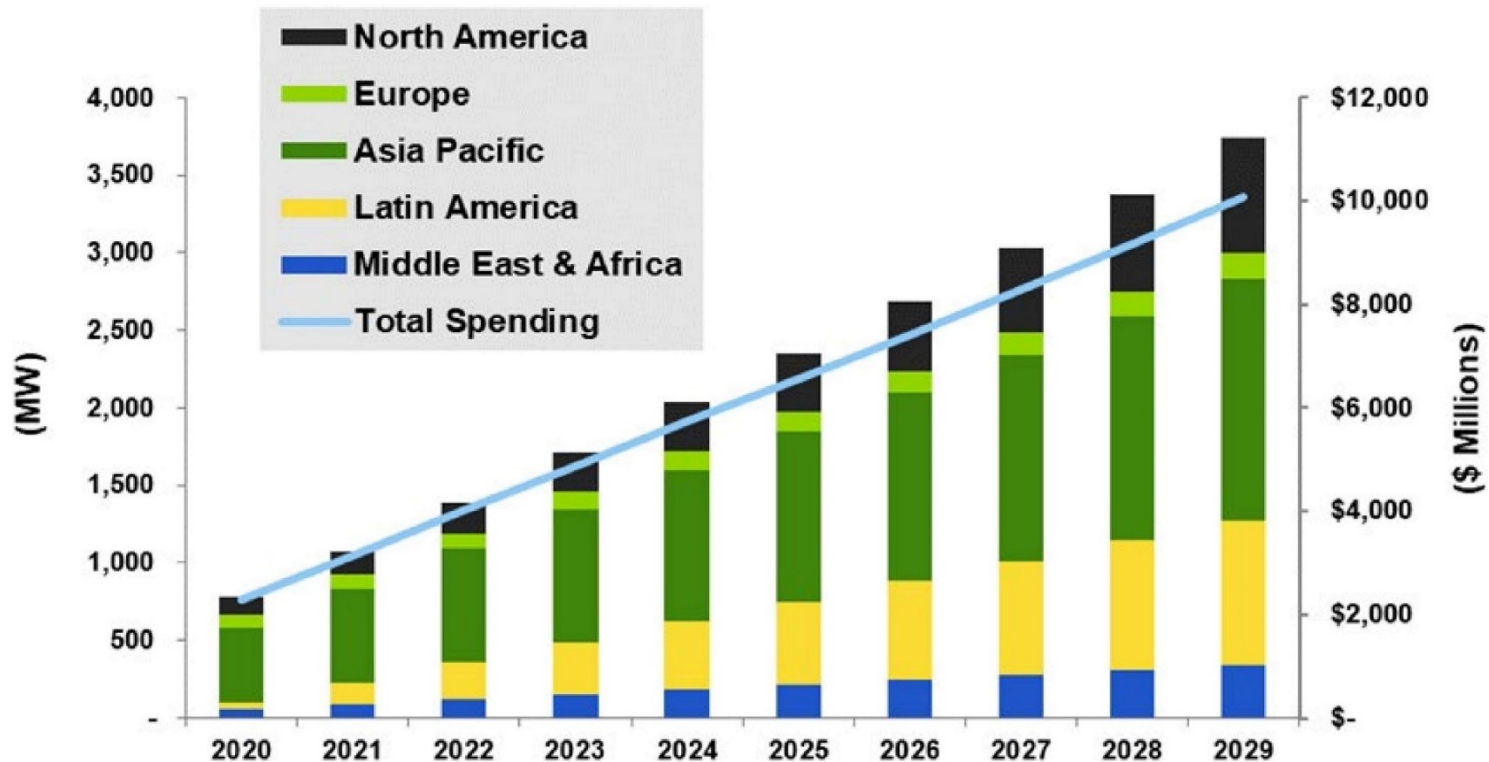
- Capstone Microturbines
- Baker Hughes Turbines





# Microgrid Growth Projections

## Utility Microgrid Capacity and Implementation Spending by Region, World Markets: 2020-2029



# Capstone Partial Global Client List

Capstone Direct Sales Team is focused on providing energy and carbon savings for well-known clients around the globe.





# Revenue Growth Strategy (Ranking 1-6)

## 1. New Direct Sales Team

*New Micro Grid Products, Rentals, Large Customers*

**New Non-Distributor Business**

## 3. New Target Pricing Programs

*National and Key Accounts – New Gold Key Account Program.*

**Target Pricing Program**

## 5. New Hydrogen Product

*Released with a goal of Operating on 100% Hydrogen.*

**New RNG & Hydrogen Products**

## 2. New Parts Supplier

*with Better Build Quality. Improving Reliability, Lower Warranty and Higher FPP Margins.*

**Improved Customer Satisfaction**

**REPEAT CUSTOMERS**

**Distributor Business Growth**

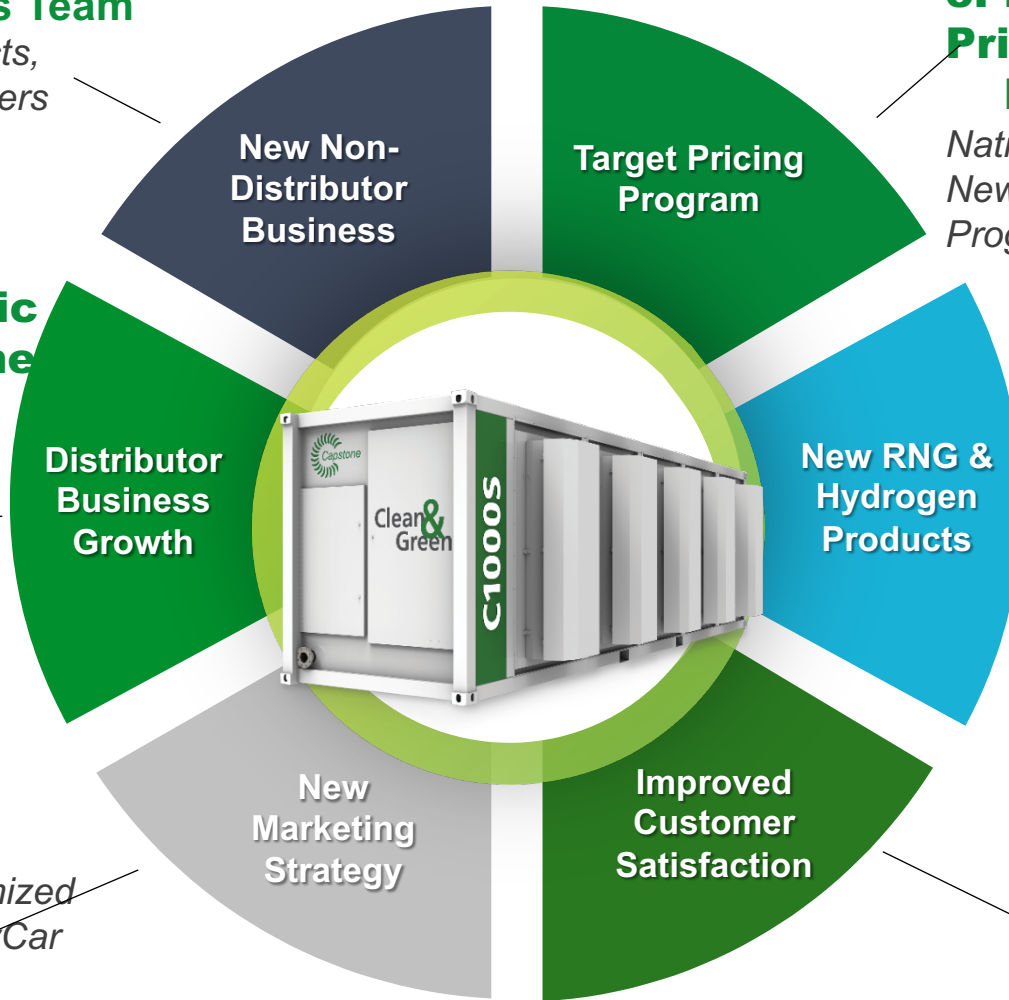
**New Marketing Strategy**

## 4. New Geographic Distribution Partners

*in Eastern Europe, Africa & the Middle East.*

## 6. New Digital Marketing

*Website Update, Customized Campaigns, Unique IndyCar Branding Strategy.*



# Hydrogen & Sustainable Product Strategy

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- Leverage low cost and low risk long-standing federal, university, and international research partnerships to support hydrogen development.
- Continue to develop patents for the use of hydrogen and renewable natural gas.
- New Hydrogen Solutions business line leveraging the recently released first commercially available hydrogen-based Combined Heat and Power (CHP) product, which can safely run on a 10% hydrogen - 90% natural gas.
- **Target a commercial release of 30% hydrogen - 70% natural gas mix product by March 31, 2022.**
- Evaluate potential strategic acquisition utilizing hydrogen products or generation.
- Utilize Capstone rental equipment to shorten hydrogen development times.
- Work with existing partners like Baker Hughes on hydrogen development.
- Work with B+K on finding global applications for thermal solution
- Assist 24/7 Solar in the commercialization of their concentrated solar and thermal storage solutions. Contract manufacturing services and global channel to market.



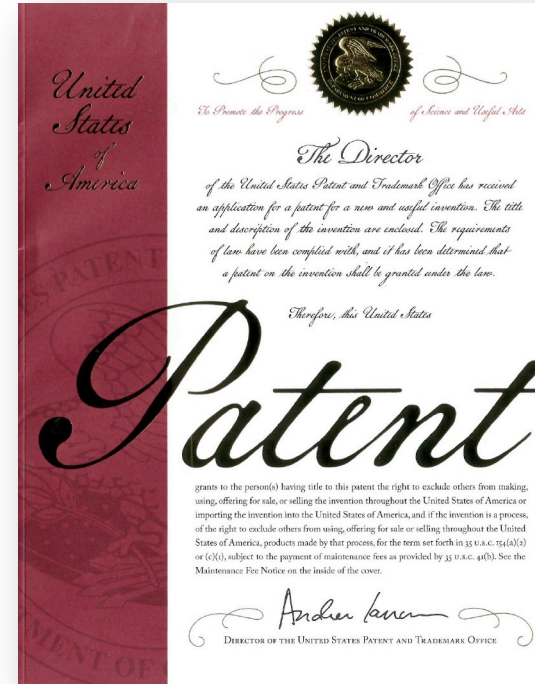
# New Hydrogen Products

## HYDROGEN



Capstone now offers renewable power with the use of up to 10% Hydrogen in our product line of microturbines as a fuel source. The plan is to commercially release 30% blend by March 31, 2022 and then focus development efforts on 100% hydrogen leveraging newly patented injector.

## HYDROGEN



New Patent 10,184,664, is for a multiple-fuel capable, pre-mixed, low emission injector for high flame speed fuel combustion for Hydrogen and Renewable Natural Gas (RNG). Plan is to eventually release a commercial 100% hydrogen fuel capable microturbine.



# FINANCIAL REVIEW

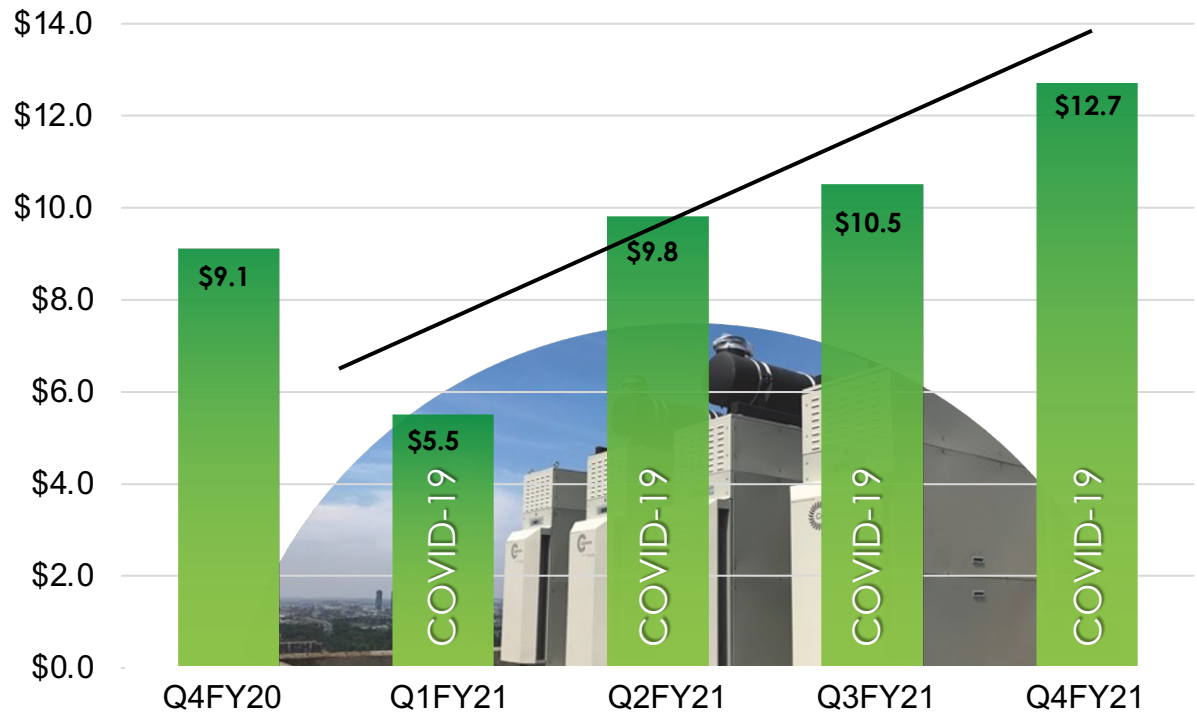
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**ERIC HENCKEN**  
Chief Financial Officer

# Capstone Gross Product Bookings

**21%**  
Q/Q Bookings  
Growth

**40%**  
Y/Y Bookings  
Growth



**CAPSTONE GROSS BOOKINGS**

# As-if Pro Forma P&L Information

<i>(in millions)</i>	As-if	FY14 (A)	\$ Δ	% Δ
Product Revenue	\$ 84.0	\$ 108.8	\$ (24.8)	(23%)
Accessories, Parts & Service Revenue	50.0	24.3	25.7	106%
<b>Revenue</b>	<b>134.0</b>	<b>133.1</b>	<b>0.9</b>	<b>1%</b>
Direct Materials	76.0	83.4	(7.4)	(9%)
Warranty	1.0	3.9	(2.9)	(74%)
Royalties	1.0	2.9	(1.9)	(66%)
Manufacturing & Service costs	19.0	21.3	(2.3)	(11%)
<b>Cost of Goods Sold</b>	<b>97.0</b>	<b>111.5</b>	<b>(14.5)</b>	<b>(13%)</b>
Gross Margin	37.0	21.6	15.4	71%
<b>Gross Margin %</b>	<b>28%</b>	<b>16%</b>		
Product Development	5.0	9.0	(4.0)	(44%)
Selling, G&A	26.0	27.9	(1.9)	(7%)
<b>Total Operating Expenses</b>	<b>31.0</b>	<b>36.9</b>	<b>(5.9)</b>	<b>(16%)</b>
<b>Operating Income (Loss)</b>	<b>6.0</b>	<b>(15.3)</b>	<b>21.3</b>	<b>139%</b>
<b>Adjusted EBITDA **</b>	<b>11.0</b>	<b>(10.8)</b>	<b>21.8</b>	<b>202%</b>

\*\* See Non-GAAP reconciliation on slide 17

Note: the above as-if pro forma P&L information is provided as an example for discussion purposes, is based upon a variety of assumptions developed specifically for purposes of such example (certain of which assumptions are discussed above) and is not, is not intended to be, and should not be construed as, a representation of any historical results or a forecast of any future operating results.

## Assumptions in As-If Pro Forma

- As-if we reach historical revenue highs with recent P&L structure
- Assumes business approaches \$130M in total revenue with approximately 65% product and 35% energy as a service (EaaS)
- Gross margins levels reach targets with an approximate 50% blended margin on the EaaS business
- Rental Fleet built to 50 MWs with a 75% assumed average utilization rate
- Operating expenses increasing from current \$25m-\$26m levels with 10 additional headcount for Direct Solutions Sales team.
- R&D spend increases from most recent levels with new hydrogen products and C65 Signature Series



# Select Balance Sheet Results

(In millions)	March 31, 2021 **	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Cash & Cash Equivalents	\$49.5	\$32.0	\$16.8	\$16.2	\$15.1
Cash Provided by (Used in) Operating Activities for the three months ended	**	\$(3.3)	\$1.9	\$(1.9)	\$(4.0)
Accounts Receivable, Net of Allowances	**	\$19.1	\$13.5	\$14.7	\$16.2
Total Inventories	**	\$13.1	\$15.5	\$19.2	\$22.7
Accounts Payable & Accrued Expenses	**	\$14.6	\$10.9	\$10.8	\$15.0

\*\* Certain preliminary unaudited financial results were released on April 12, 2021.  
Full financial results for Fiscal 2021 Q4 are planned to be released on June 10, 2021.

# Capstone Business Catalyst

## New Capstone Green Energy (CGRN)

- ✓ New strategic business plan is creating a larger TAM.
- ✓ Continuing the expansion of the higher margin EaaS business.
- ✓ Long-term rentals are improving cash flow and margin rates
- ✓ Revenue growth strategy in place - Book-to-Bill up Q/Q and Y/Y.
- ✓ Pandemic and vendor part quality constraints are improving.
- ✓ Direct sales solution team focused on top line revenue growth.
- ✓ Internal sales team poised to leverage existing larger clients.
- ✓ Capstone is graduating from survival capital to growth capital.
- ✓ A strong Balance Sheet reduces customers perception of risk.
- ✓ Dedicated executive to find strategic acquisitions or partnerships.

### Wood Mackenzie

*“Energy storage is seeing a rapid increase because of lower battery cost and will be a \$7.6B annual market in 2025.”*

### Navigant Research

*“Total microgrid capacity is expected to grow multi-fold over the next decade – reaching 20 GW by 2028 from 3.5 GW in 2019.”*



# Reconciliation of Non-GAAP Financial Measures

## Reconciliation of Net Income (Loss) to Adjusted EBITDA (in millions)

	As-if	FY14
Net income (loss)	\$ 6.0	\$ (16.3)
Provision for income taxes	-	0.2
Interest expense	-	0.8
Depreciation and amortization	3.0	2.3
Stock-based compensation expense	2.0	2.2
<b>Adjusted EBITDA</b>	<b>\$ 11.0</b>	<b>\$ (10.8)</b>

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Adjusted EBITDA which is a non-GAAP measure. This non-GAAP measure is among the indicators management uses as a basis for evaluating the Company's financial performance as well as for forecasting future periods. Management establishes performance targets, annual budgets and makes operating decisions based in part upon these metrics. Accordingly, disclosure of these non-GAAP measures provides investors with the same information that management uses to understand the Company's economic performance year-over-year. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income or other measures prepared in accordance with GAAP.

Adjusted EBITDA is defined as net income (loss) less the provision for income taxes, interest expense, depreciation and amortization expense, and stock-based compensation expense. Stock-based compensation expense includes expense related to stock issued to employees and directors. Adjusted EBITDA is not a measure of the company's liquidity or financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities or any other measure derived in accordance with GAAP.

While management believes that the non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these measures. The measures are not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies.





**Time to take the power  
in your hands.**

[www.capstonegreenenergy.com](http://www.capstonegreenenergy.com)



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*Clients come to us looking to meet a new environmental, social and governance standard, or maybe they simply want to attain a LEED green building certification. At Capstone Green Energy, we provide thoughtful custom solutions to improve their cost of on-site energy and reduce their carbon footprint, while also providing critical energy resiliency. Businesses shouldn't wait for the government to make them innovate or let the competition innovate first. Businesses need to take control of their energy future now because with Capstone Green Energy, the power is in their hands.*

**DARREN R. JAMISON**  
President & CEO